STATE OF IOWA

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COMMISSIONER OF INSURANCE

Bulletin 21-02

To: All Health Insurers Writing Business in the State of Iowa
From: Doug Ommen, Iowa Insurance Commissioner
RE: CMS allows extension of transitional policies through calendar year 2022
Date: March 8, 2021

The purpose of Bulletin 21-02 is to provide guidance regarding the extension of transitional policies in the State of Iowa. The Centers for Medicare and Medicaid Services ("CMS") announced on January 19, 2021, that health insurers will be allowed to continue transitional policies through calendar year 2022[1]. The Iowa Insurance Division ("IID") agrees to allow transitional policies to continue through calendar year 2022.

The IID appreciates federal authorities once again providing this state flexibility as they have done every year since 2014. However, the IID has concerns that CMS continues to decide on an annual basis whether or not to allow the renewal of transitional plans. This policy puts Iowans who are enrolled in these plans in a constant and unnecessary state of uncertainty as to whether they will have access to their healthcare plans from year-to year. If transitional plans were not allowed to continue, over 65,000 Iowans in the individual and group transitional markets would be forced off their healthcare plans.

Iowa and more than 30 other states allowed transitional policies to continue in 2021. The policy of making the renewal decision annually not only impacts thousands of Iowans, but nearly 1.1 million people nationwide. Furthermore, the uncertainty of the federal government's decision also impacts the insurance carriers that offer transitional plans as they too must wait for the federal government to decide whether they can continue to offer policies to thousands of consumers.

Transitional plans provide access to healthcare coverage that is likely otherwise unaffordable. Year after year, Iowans have the opportunity to enroll in ACA plans but many choose to stay in transitional plans to avoid the very high ACA rates, especially those in the individual market. The overwhelming majority of those who were priced out of the ACA individual market were not receiving subsidies (aka premium tax credits). At the end of 2020, only 257 people, or less than 1% of the individual ACA market, were not eligible for subsidies.

Simply put, the structural flaws within the text of federal law make the ACA plans unappealing to many younger, healthier Iowans. Iowa intends to permit viable health insurance options for those who have been priced out of ACA plans. Iowa, once again, calls on the federal government to permit additional flexibility to make changes that would make the ACA plans more attractive to younger, healthier Iowans.

[1] See: https://www.cms.gov/files/document/extension-limited-non-enforcement-policy-through-calendar-year-2022.pdf